97-84057-6

Central and Associated Chambers of Agriculture

Report of local taxation committee on exchequer...

Westminster

1908

97-84057-6
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

308
Z
Box 145

Central and associated chambers of agriculture. ... Report of local taxation committee on exchequer contributions ... Westminster, Central chambers of agriculture, 1908.
cover-title, 23 p. 22 cm.

At head of title: Central and associated chambers of agriculture.

ONLY ED

RESTRICTIONS ON USE: *Reproductions may not be made without permission from Columbia University Libraries.*

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 9:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 3-27-97 INITIALS: RB

TRACKING # : 22952

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

B20 B
PAMPHLET COLLECTION

CENTRAL AND ASSOCIATED

CHAMBERS OF AGRICULTURE.

308
Z
Box 145

REPORT

OF

LOCAL TAXATION COMMITTEE

ON

EXCHEQUER CONTRIBUTIONS.

PRICE THREEPENCE.

Post free 4d.

CENTRAL CHAMBERS OF AGRICULTURE,
ORCHARD STREET, WESTMINSTER, S.W.

1908.

CENTRAL AND ASSOCIATED

CHAMBERS OF AGRICULTURE.

REPORT OF LOCAL TAXATION COMMITTEE ON EXCHEQUER CONTRIBUTIONS.

February, 1908.

Your Committee consider the Central and Associated Chambers should watch very closely any contemplated change in the relation between Imperial and Local Funds, even if at first sight it appears to be one of book-keeping only.

The following are extracts from the speech of the Chancellor of the Exchequer on the Budget, on April 18th, 1907.

On the subject of Exchequer Contributions, Mr. Asquith said:—

I propose as from the end of the present financial year—we cannot break up the year for this purpose, and so as from April 1st next—to sweep away, root and branch, the whole system by which assigned revenues, the proceeds of Imperial taxes, are intercepted from the Exchequer and handed over to the local authorities.

After explaining the system of collection and distribution, the right hon. gentleman said:—

Everyone concerned either with local or Imperial taxation will agree that it is time the system was ended. It will stop an enormous amount of complication and difficulty in our national accounts, and from the point of view of the

Chancellor of the Exchequer, which is the point of view from which I mainly regard it at the moment, it will set his hands free to deal with some of the most important sources of taxation.

Later on he said :

To set free the hands of the Chancellor of the Exchequer for these and other purposes, it is eminently desirable we should recover complete control over the whole of this class of duties. But I do not wish the local authorities to suffer, and, so far as my plan is concerned, they will not suffer by one halfpenny.

I propose that in future, after the close of the present financial year, they should receive from the Consolidated Fund—they will no longer have any concern with probate duty or local taxation licenses, or beer and spirits—they will receive from the Consolidated Fund a sum equivalent to the proceeds of these respective sources of revenue that at present go to the local taxation account and at the present rates of charge. I mean, of course, that if in future you raise the duties on any of this class of license that is not to be taken into account in the sum which the local authorities are to receive.

They would share in any natural growth ; that is to say, they would receive precisely the same sum in any year as they would receive if the present state of things continued, a natural growth or a natural diminution, as the case may be.

It will be necessary to record briefly the history of Grants from Imperial funds in aid of local rates before the question can be fully considered, when it will be seen that an increasing amount has been debited against local rates for the payment of what really are Imperial or National objects, and your Committee is strongly of opinion that the payment of many National services are at present charged against local rates, even after credit is given for the large sum which is received from Imperial sources towards their alleviation.

In tracing the history of Grants, we propose to deal with the matter in as short a space as possible.

SHORT HISTORICAL SURVEY OF GRANTS IN AID.

PREVIOUS TO **1834**.—No grants made from Imperial Funds to relieve Local Taxation.

1834. Select Committee appointed—Reported that expenses of prosecuting at assizes, of conveying prisoners, of maintaining militia establishment, and preparing Parliamentary returns should be met out of public revenues.

1835. Partial effect given to above by provision of £80,000 for defraying one half of expenses of prosecutions, and of £30,000 for meeting the cost of removing prisoners.

1839. Royal Commission reported that one-fourth of cost of contemplated new police force should be defrayed out of public funds.

1845. Proposed by Mr. Miles that the State should bear the whole costs of assize prosecutions, maintenance of prisoners, half cost of county prisons and coroners' inquests, whole costs of registration of voters. Estimate for foregoing, £350,000. Argument by Government against this, on the point that agriculture had the benefit of Protection, and consequently the counties had already preferential treatment.

1846. Duties on foreign corn were to be immediately reduced and ultimately abolished. Sir Robert Peel promised to provide for transferring a part of local burdens from the rates to the Exchequer. The State in the future to pay whole cost of criminal prosecutions, maintain prisoners, half cost of medical relief, salaries in Poor Law schools, and those of Union Auditors, whole cost of Irish Constabulary. Estimated cost, £311,000. These grants were made on the assumption that some guarantee of improved local administration would follow.

1849. Agriculturists were very dissatisfied with the position of local taxation, and Mr. Disraeli initiated a debate and maintained that the Poor Rate, the Highways Rate, and the County Rate were all applied to national objects, and proposed that a sum equal to one half of the total rates (ten millions), and Land Tax

(two millions), should be borne by the Consolidated Fund. This would have amounted to £6,000,000.

1850. Select Committee appointed reported :—

That Poor relief was a national object to which every description of property ought justly to be called upon to contribute; but, until some means could be found of defining "stock in trade" with sufficient accuracy for assessment purposes, it would be necessary to continue to exempt it from its legal liability. That, although several items of union and county expenditure were charged, and others might conveniently be charged, on the Consolidated Fund, it was not expedient to provide out of that fund for the general maintenance of the poor, and that any plan for assessing personal property in aid of the rates on real property would have to be considered in minute detail, especially as to the allocation of money so raised.

1856. Act passed compelling counties and boroughs to provide adequate police force, Parliament to contribute one-fourth of cost of pay and clothing of each force certified to be efficient.

1859. Government agreed to make an annual contribution in lieu of rates in respect of lands and buildings owned or occupied by any of its departments.

1864. Provision made for gradual extinction of turnpike tolls and the maintenance of roads became a liability on the rates, with a very small contribution from Imperial Funds.

1867. Mr. Goschen drew attention to the continuous increase of burdens on rateable property, and suggested as a means of obliging other property to contribute, the imposition of an additional penny Income Tax to be collected and retained by the Government who should hand over as an equivalent the Inhabited House Duty, to be collected and applied by local authorities.

1868. Sir Massey Lopes moved a Resolution in House of Commons on subject of Local Taxation.

1869. Important deputation of Central Chamber of Agriculture to Mr. Gladstone—Sir Massey Lopes moved for appointment of a Royal Commission.

1870. Mr. Goschen, President of Poor Law Board, moved for a Select Committee. Before the Committee met, Mr. Goschen prepared his now famous Report on Local Taxation, to the details of which reference is made later.

1871. Sir Massey Lopes again brought forward the question of Local Taxation in the House, and stated that at least three-

fifths of the 20 millions raised by local taxation were applied to purposes of a national character, and urged the State to provide for part of cost of pauper lunatic asylums, for the salaries of more Poor Law officers, and for maintenance of the Queen's highways.

1871. Mr. Goschen addressed to the Treasury his well-known "Report on the Progressive Increase of Local Taxation, with special reference to the proportion of local and Imperial burdens borne by the different classes of real property in the United Kingdom as compared with the burdens imposed upon the same classes of property in other European countries."

Two Bills were introduced by Mr. Goschen—a Rating and Local Government Bill, and a Local Taxation Bill. Both were withdrawn before Second Reading.

1872. Sir Massey Lopes brought forward the following Resolution :—

That no legislation with reference to local taxation will be satisfactory which does not provide, either in whole or in part, for the relief of occupiers and owners in counties and boroughs from charges imposed on ratepayers for the administration of justice, police and lunatics, the expenditure for such purposes being almost entirely independent of local control.

Details of proposal were: Government should bear whole cost of administering justice; half the cost of the police; half cost of pauper lunatics—involving a total of £2,037,000.

The Resolution was carried against the Government by a majority of 100.

1874. New Government increased grants-in-aid as follows :— State to provide a grant equal to 4*s.* weekly per head on account of pauper lunatics; half (instead of one-fourth) of pay and clothing of police in England and Scotland; new arrangement as to contribution in lieu of rates on Government property. Additional grants amounted to £1,250,000.

1877. Act passed transferring expense of maintaining prisons and prisoners from ratepayer to taxpayer.

1881. Mr. Pell asked the House of Commons to undertake an annual review of local finance corresponding to that which is secured for Imperial Finance in the Budget Statement, but did not succeed in carrying his motion.

1882. Royal Commission on agricultural depression reported–

Maintenance of indoor poor should be charged either upon the Consolidated Fund or upon a rate or taxes equitably adjusted according to means and substance, and that a certain proportion of taxes should be assigned to local authorities in aid of local expenditure.

1882. A Resolution was moved in February by Sir Richard Paget and seconded by Sir Massey Lopes, calling upon the Government to remedy the injustice of the incidence of local taxation "by an adequate increase of contributions from general taxation." The motion was met by a few words from Mr. Gladstone, stating that the proposals of his Government would not be revealed before the Budget, and taking exception to the fettering nature of a premature Resolution of an abstract kind, and the "previous question" was carried by a majority of five. When, however, the time came for him to propound his Budget he had to admit that the contemplated measure for establishing county boards and readjusting local finance was abandoned and to content himself with a proposal to relieve the Highway Rate by a moderate increase of the license duty on carriages, The projected increase of the carriage duty was abandoned, but a sum of £250,000 was voted in 1882 and subsequent years for disturnpiked and main roads in England and Scotland.

1883. Mr. Pell moved "that no further delay should be allowed in granting adequate relief to ratepayers in counties and boroughs in respect of national services rendered by local authorities." Amendment made—which was supported by the Government—that relief to ratepayers "should be by the transfer to local authorities of the revenue proceeding from particular taxes or portions of taxes." and should be dealt with in connection with local government.

Mr. Pell's motion was rejected and amendment carried by majority of only thirteen. Strong feeling in the House, and thirty-one Members who had supported Government by their votes presented a memorial stating their support had only been given on the understanding that the amendment implied an intention to deal promptly with the question

1884. Mr. Pell introduced a motion which deprecated "the postponement of further measures for relief acknowledged to be due to ratepayers in respect of local charges imposed on them for national services.". It was carried by a majority of eleven.

1885. Sir Michael Hicks-Beach moved an amendment to the Budget (which proposed an alteration in Death Duties), to the effect that no fresh taxation of real property should be sanctioned until effect had been given to the Resolutions of the 17th April, 1883, and 28th March, 1884. The amendment was carried by a majority of twelve, and the Government resigned in consequence of sustaining this defeat.

1888. Local Government Act, 1888, passed, creating County Councils.

In this Act, Grants in aid were abolished and in their place the bulk of the Excise Licenses and half the Probate Duty were to be handed over to the local authorities.

The total of these was expected to realise about..		£3,318,000
Total of Grants in aid to this date amounted to..		2,900,000
		418,000
In addition to the above, Ireland received to make things fair		40,000
Leaving intentional increase of Grant from Imperial sources towards alleviation of local rates		£458,000

The Grants in aid, first begun in 1834, now amounted to the following:—

IN ENGLAND AND WALES.		
Disturnpiked and main roads.....	£250,000	
Poor Law Grants.....	290,000	
Criminal prosecutions.....	145,000	
Police (London, County and Borough)	1,430,000	
Pauper lunatics	485,000	
		£2,600,000
IN SCOTLAND.		
Roads	£35,000	
Medical relief	20,000	
Police	155,000	
Pauper lunatics	90,000	
		300,000
IN IRELAND.	(*Nil.*)	
		£2,900,000

The Probate Duty was the tax selected to be partially applied in relief of local burdens, because it was the one tax which fell exclusively on realised personalty. It was also considered a tax the yield of which would grow, and thus the ratepayer would have a share in the benefit of the growing realised wealth of the community.

The local half was then estimated to produce about two and three-quarter millions, and it was intended to go to the relief of local rates generally without being specifically ear-marked.

The original scheme of distribution in the Bill was based on statistics of indoor pauperism as affording the best basis for providing that relief should be given where it was most required. At a later stage, however, in order to ease the passage of the Bill, that basis was discarded, and it was determined that the English share of the Probate Duty should be distributed between counties in proportion to the existing (1888) grants in aid.

This method of distribution has been continued, and is in force at the present day.

1890. Mr. Goschen proposed to levy for local purposes and to hand over to the local authorities an extra duty or surtax of 3d. per barrel on beer, and extra duty or surtax of 6d. per gallon on spirits, estimated to produce £1,304,000 in all.

This sum was allocated for specific objects as under:—

——	England 80 per cent.	Scotland 11 per cent.	Ireland 9 per cent.
	£	£	£
Police superannuation	300,000	40,000	—
In relief of rates or for technical instruction.	743,000	48,000	—
School fees	..	40,000	—
Medical, &c. officers	..	15,000	—
National school teachers	..	..	78,000
Intermediate education.....	..	..	40,000
	£1,043,000	143,000	110,000

£1,304,000

1893. No historical survey of this question would be complete without reference to the Report to the Treasury of Sir Henry Fowler, which, in a large measure, was a continuation of Mr. Goschen's Report of 1871.

1896. Agricultural Rates Act passed by which occupiers of agricultural land were to pay half rates only on land (therein defined), while continuing to pay full rates on farm houses and homesteads.

The annual deficiency for England and Wales was estimated at	£1,560,000
An equivalent Grant on this basis for Scotland would give	214,000
And similarly for Ireland	176,000
	£1,950,000

It was afterwards ascertained that the above estimate was too high, and for the year 1896-7 the Grants were as follows:—

England and Wales £1,331,034

STATISTICAL.

It is necessary to show the total amount which is now (1907) allotted to local authorities out of Imperial Funds; the amount which actually reaches them; the present total rateable value in the country; the rates in the £, and the amount of assistance afforded from Imperial Funds expressed in so much in the £ of local rates.

The total Grants divide themselves into three blocks:—

(a) Exchequer contributions, which vary year by year, in direct proportion to the licenses collected and the amount of probate on personalty.

(b) The Grant under the Agricultural Rates Act, 1896, which is a fixed amount ascertained on the facts of 1896.

(c) Grants under the Education Acts; the principle of the Grant being fixed, but the amount varies annually in relation to statistics of children.

(a) and (b) are administered by the Local Government Board, and (c) by the Education Board.

The variation in the Exchequer Contribution is shown in the following Table :—

TABLE SHOWING AMOUNT OF EXCHEQUER CONTRIBUTIONS FROM 1888 TO 1906.

Years.	Local Taxation License Duties, &c.*	Probate Duty and Estate Duty Grants.	Local Taxation (Customs and Excise Duties).	TOTALS.
(1)	(2)	(3)	(4)	(5)
	£	£	£	£
1889—1890....	2,994,419	1,811,521	..	4,805,940
1890—1891....	3,037,304	1,930,935	1,040,376	6,008,615
1891—1892....	3,064,328	2,248,949	1,115,801	6,429,078
1892—1893....	3,104,518	1,918,424	1,085,904	6,108,846
1893—1894....	3,163,362	1,890,447	1,086,769	6,140,578
1894—1895....	3,178,448	1,712,034	1,055,278	5,945,760
1895—1896....	3,237,727	1,958,966	1,113,180	6,309,873
1896—1897....	3,288,535	1,843,116	1,145,260	6,276,911
1897—1898....	3,342,685	2,077,438	1,174,889	6,595,012
1898—1899....	3,439,838	2,123,483	1,208,670	6,771,991
1899—1900....	3,475,734	2,341,283	1,328,001	7,145,018
1900—1901....	3,515,736	2,076,794	1,268,718	6,861,248
1901—1902....	3,597,654	2,090,549	1,196,300	6,884,503
1902—1903....	3,630,466	2,033,448	1,221,606	6,885,520
1903—1904....	3,651,631	2,096,163	1,192,499	6,940,293
1904—1905....	3,693,156	2,055,136	1,141,203	6,889,495
1905—1906....	*3,727,678	2,154,438	1,121,189	7,003,305
1906—1907....	*3,775,518	2,413,286	1,135,251	7,324,055

* Including for 1905—1906 and 1906—1907 sums collected under sect. 4 (4) of the Licensing Act, 1904.

It will be seen that the Grants have automatically increased between 1890-1 and 1906-7 by one and-a-third millions, owing, of course, to the additional amounts under the head of Licenses, Estate and Probate Duty having increased during that time in

the country, and if these Exchequer contributions had been fixed once and for all in 1889, and based on the facts of 1888, the local rates would have suffered by one and a-third millions and the Imperial funds would have gained the same amount.

The total of Exchequer contributions for 1906-7 was £7,324,055, but this amount is considerably watered at the source before the counties are actually paid, as follows :—

(1) Under the Tithe Rent Charges Act, 1899, half the rates are allowed to the owner of a tithe rent charge attached to a benefice, and this is paid out of the Local Taxation Account, which is the same thing in the long run as paying it out of local rates, and the amount for 1906-7 was £136,827

(2) Under the Diseases of Animals Act, 1894, the Grant was insufficient to meet the expenditure, and the balance was debited to the Local Taxation Account, or, in other words, really to the local rates, and amounted in 1906-7 to 12,760

(3) A large amount was paid out of the Local Taxation Account to the Receiver of the Metropolitan Police District under section 24 of the Local Government Act, 1888, and as far as the country, except London, is concerned, this amount was lost as a credit to local rates. It amounted in 1906-7 to 865,136

In the ordinary way this is payable by the following authorities :—

	£	s.	d.
London	622,539	2	1
Middlesex	96,828	9	3
Surrey.....	43,734	13	2
Essex.....	37,565	13	5
Kent	20,353	17	2
Hertford	5,596	9	4
West Ham.....	21,142	15	5
Croydon.....	17,375	16	2
	£865,136	16	0

(4) The cost of revising barristers is charged to Local Taxation Account and is thus really paid out of local rates and amounted in 1906-7 to..... 12,730

Total £1,127,453

Assuming that the above four items would have been paid out of local rates the actual gross relief to local taxation by Imperial Funds in 1906-7 amounted to 9·13*d.* in the £ in the administrative counties on their assessable value. In plain language, the rates would have been higher by 9·13*d.* in the administrative counties if there had been no Exchequer Contribution.

In addition to the above, a sum of £300,000 is deducted, one-half being credited to London for police and one-half (£150,000) being credited to the administrative counties as a fixed Grant towards superannuation fund of the police force.

The expense under this head has increased year by year in the counties, and by reason of the Grant being a fixed sum, the percentage of Grant in aid for superannuation gets less and less each year and creates an increasing yearly burden on local rates.

AGRICULTURAL RATES GRANT.

In 1896-7 the rateable value of agricultural land was £24,565,058, and the expenditure £2,661,214, an average of 2*s.* 2*d.* in the £. The Grant was therefore fixed at 1*s.* 1*d.* in the £, and amounted in that year to £1,330,607.

In 1906-7 the amount of the Grant was only £1,326,484, in spite of the fact that the rates have doubled during the intervening years. In order to give the relief intended by the Act this Grant (assuming that this basis be continued) should be at least 2*s.* in the £, and the total amount to more than £2,500,000.

The rates in rural districts in 1904-5 were 4*s.* ·03*d.* in the £.

The Grant was in 1906-7 paid to the following authorities:—

637 Boards of Guardians	£499,473
62 County Councils and the Council of the Isles of Scilly	433,735
666 Rural District Councils	354,137
286 Town Councils	27,809
122 Urban District Councils other than Town Councils	6,940
The Receiver for the Metropolitan Police District.	4,390
	£1,326,484

INCREASE IN RATES.

The increase of rates in the country is a serious matter, and during the last few years has been very large.

The following table shows the comparative increase in the £ and per head of population during the three years 1902-3, 1903-4 and 1904-5 (the latest available), and the figures for 1879—80 are also shown.

The County of London is excluded from this table.

AVERAGE PER POUND OF VALUATION.

Year.	England and Wales (excluding London).
	s. *d.*
1879-80	3 0·9
1902-3	5 3·2
1903-4	5 6·0
1904-5	5 8·0

AVERAGE AMOUNT PER HEAD OF ESTIMATED POPULATION.

	s. *d.*
1879-80	15 6·4
1902-3	25 8·2
1903-4	27 0·9
1904-5	28 4·6

The alarming increase shown above is more remarkable when it is remembered that the total rateable value has increased to a very large extent, as the following table shows, for with increasing totals and the same annual expenditure rates in the £ would automatically decrease. We find, however, that notwithstanding the large increase in totals, the poundage and the rates per head of population have increased in a far greater ratio.

TOTALS FOR ENGLAND AND WALES, EXCLUDING LONDON.

Date.	Rateable Value.	Period.	Increase. Rateable Value.	Increase. Rateable Value.
	£		£	Per cent.
1884.....	116,419,000	1879—1884	7,237,296	6·6
1889.....	119,088,702	1884—1889	2,669,702	2·3
1894.....	126,938,437	1889—1894	7,849,735	6·6
—	—	1894—1899	11,143,766	8·8
1899.....	138,082,203	—	—	—
1900.....	142,318,527	1899—1900	4,236,324	3·1
1901.....	146,754,079	1900—1901	4,435,552	3·1
1902.....	150,428,939	1901—1902	3,674,860	2·5
1903.....	153,606,377	1902—1903	3,177,438	2·1
1904.....	157,680,619	1903—1904	4,074,242	2·7
1905.....	160,676,471	1904—1905	2,995,852	1·9
1906.....	163,212,585	1905—1906	2,536,114	1·6
—	—	1901—1906	16,458,506	11·2
—	—	1884—1906	46,793,585	40·2

COMPARISON OF SOME ITEMS OF EXPENDITURE BY LOCAL AUTHORITIES AS COMPARED WITH GRANTS IN AID IN RESPECT OF THOSE ITEMS.

It will be necessary to quote figures for 1904-5 as being the latest available.

The grants from the Local Taxation Account (including Agricultural Rates Grant) and from the Board of Education were ear-marked to the following extent, and those not ear-marked are herein expressed as balances, and can be used generally in aid

of rates or in augmentation of the ear-marked items—as a matter of choice.

Statement showing principal purposes to which the moneys received were applicable, and the amounts received or applied in respect of such purpose during the year 1904-5.

Poor Law Schools		£24,990
Higher education		972,960
Police		2,363,953
Salaries, &c. of officers of Poor Law Unions (including cost of drugs and medical appliances)		1,025,598
Maintenance of lunatics		826,468
Salaries of medical officers of health, sanitary inspectors, and inspectors of nuisances, and awards to public vaccinators		175,582
In respect of the deficiency caused by the provisions of the Agricultural Rates Act, 1896, in the produce of rates		1,327,670
From grants distributed by the Board of Education—		
Elementary education		9,934,607
Higher education		505,740
		£17,157,568
In aid of rates for county purposes, including maintenance of roads (not allocated to specific purposes)	£1,575,844	
In aid of rates in county boroughs (not allocated to specific purposes)	354,357	
		1,930,201
		£19,087,769

It will be found as a mere matter of arithmetic that of the total expenditure for 1904-5, 74·1 per cent. is raised locally, and 25·9 per cent. is paid out of Imperial funds. It is interesting to note that these proportions in 1879-80 were 88·9 per cent. locally to 11·1 per cent. Imperially, and although the 1904-5 figures show a great improvement, yet we hope to show later on that the 25·9 per cent. now paid Imperially is much too low, and should be materially increased.

The average amount of rates per head of estimated population in 1904-5 was 33·2*s*. In 1879-80 it was 17·4*s*., showing an increase of nearly 16*s*. per head.

The Grants in aid of local rates in 1904-5 work out at 11·5*s*. per head, and in 1879-80 they were 5*d*. only, showing an increase of 11*s*. per head.

If the Grants in aid had even been kept on the same lines without alteration of incidence, this shows roughly that the Grants in aid should now be increased by a sum equal to 5*s*. per head to meet the increased expenditure which wholly falls on local rates.

We now propose to take the actual expenditure by local authorities under certain heads, such as Education, Highways, Lunatics and Lunatic Asylums, Police and Police Stations, and Poor Relief, and afterwards compare the expenditure with the Grants in aid allocated towards these objects. We have selected these because, on page 32 of the final Report of the Royal Commission on Local Taxation, certain new or additional Grants were recommended mainly under these heads of expenditure as being national objects.

Total Expenditure by Local Authorities, 1904-5.

Education (Elementary and Higher)	£21,891,501
Highways and Bridges	13,531,856
Lunatics and Lunatic Asylums.....	3,388,313
Police and Police Stations	6,080,057
Poor Relief.....	11,504,977
	£56,396,704

It will be admitted that in every case similar figures for 1906-7 would be much higher than as stated for 1904-5.

Without going into detail, it will be seen that local rates were charged for Police and Police Stations thus	£6,080,057
Received from Imperial Funds	2,363,953
Balance falling on rates.....	£3,716,104

In the case of Lunatics and Lunatic Asylums, local rates were charged with	£3,388,313
Received from Imperial Funds.....	826,488
Balance falling on rates	£2,561,825

As regards Education, the rates were charged with	£21,891,501
Received from Imperial Funds	11,413,307
Balance falling on rates	£10,478,194

In respect of Highways and Bridges the rates were charged with	£13,531,856
Received from Imperial Funds. (This sum is the balance of Grants in aid not allocated to any specific purpose, and ear-marked for Roads for this present purpose only)..	1,930,201
Balance falling on rates	£11,601,655

With regard to Poor Relief, the rates were charged with.....	£11,504,977
Received from Imperial Funds	1,025,598
Balance falling on rates	£10,479,379

Many other heads of expenditure could have been similarly dealt with, but these five examples will serve to show what a terrible burden the cost of these national services is to the local rates.

Summarising the balance under these five heads of expenditure we find that £39,862,655 is paid out of local rates out of a total expenditure of £56,396,704, or expressed in percentages 29 per cent. is paid out of Imperial Funds, and 71 per cent. out of local rates.

Considering that the Royal Commission on Local Taxation reported that these were national objects, it will be seen that up to the present no effect has been given to this opinion so strongly expressed in the Final Report.

RECOMMENDATIONS OF ROYAL COMMISSION ON LOCAL TAXATION. (*Cd. 638.*)

Page 11 :—

We believe that the only method which can secure fair play all round is consistent adherence to a principle which has often been put forward in discussion, but to which insufficient regard has frequently been paid in practice. That principle is the distinction between services which are preponderantly national in character, and generally onerous to the ratepayers and services which are preponderantly local in character, and confer upon ratepayers a direct and peculiar benefit more or less commensurate with the burden. The distinction cannot, it is true, be drawn with absolute logical precision. In many cases it is plain enough, *e.g.*, just as water rates are held to be payments for service rendered rather than taxes, so also it is clear that drainage works are a local benefit of a similar kind. But in other cases the two elements are combined in different degrees, since almost all useful local expenditure is indirectly advantageous to the country at large. But a service may be called properly local when a preponderant share of the benefit can be directly traced to persons interested in the locality. On the other hand, universality and uniformity of administration is generally a mark of a national service, because such administration does not confer special benefit on special places. Again, the presumption is that a service is national when the State insists on its being carried out and on a certain standard of efficiency being reached.

Thus, upon this understanding and reserving the right to qualify further inferences as practical prudence may demand, we consider Poor Relief a national service. It has become gradually more so owing to the economic and social changes, though there is still much local variation of administration which involves financial benefit or injury to a particular locality. Under Poor Relief we include the maintenance of pauper lunatics, the provision of asylums, and also the minor onerous services administered by Boards of Guardians and Overseers, viz., Registration, Valuation, Vaccination, and some others.

Police and Criminal Prosecutions are also predominantly national.

Education is also national in a high degree. It confers great benefit, no doubt, on the classes which participate in it, but does little to increase the value of rateable property in a particular locality. Under Education we include technical and secondary as well as elementary education. But all these require to be treated in a different way from the other main national services because of the large part played by voluntary effort, and for other weighty reasons.

The maintenance of Main Roads we also consider, on the whole, to be to some extent a national service, and likely to become more so owing to the increasing mobility of the population and the development of new means of locomotion.

Postponing the question of the equity of the system by which the cost of beneficial and properly local services is defrayed, we address ourselves first to the financial and administrative problems presented by the four great national services which we have enumerated.

The Commissioners end the Chapter on this branch of their Report by saying (page 14) :—

Summing up the various considerations to which we have adverted in this chapter, we conclude that in general the funds for national services ought to be raised in accordance with the principle of Ability. This principle might be secured to a great extent by transferring them wholly to the Central Government; but such a solution of the problem is out of the question on practical grounds. On the other hand, no mere readjustment of burden within each locality would meet the demands of equity. We are, therefore, driven to the conclusion that the grievances which we have set forth cannot be remedied without either a direct contribution from the Exchequer or the extension and development of the system of assigned revenues which has been in existence since 1889.

In Chapter VI., " How Relief to Local Rates should be provided," the Commissioners give an instructive table comparing Imperial and Local Finance, and this table and the explanatory paragraph as its foot is worthy of being quoted. It is based on the figures for 1889—1900 (page 15).

	Imperial Finance. (United Kingdom.)		Local Finance, exclusive of Elementary Education. (England & Wales.)	
	Amount.	Per-centage	Amount.	Per-centage
1. Taxes incidental to the ownership, occupation and transfer of property.				
(a) Rateable	17,311,000	17·6	35,811,000	82·8
(b) Non-rateable	21,016,000	21·4	2,656,000	6·1
Total incidental to property	38,327,000	39·0	38,467,000	88·9
2. Taxes not incidental to property.				
(a) Duties on commodities of primary necessity or in general consumption	52,234,000	53·0	1,328,000	3·1
(b) Duties on commodities not of primary necessity and Railway Passengers' Duty	2,680,000	2·7	....	..
(c) Trading and professional licenses and certificates	400,000	·4	2,057,000	4·7
(d) Establishment and other licenses mainly incidental to expenditure	20,000	·0	1,419,000	3·3
(e) Taxation (Income Tax) attributable to personal exertion rather than to the possession of property	4,836,000	4·9	....	..
Total not incidental to property	60,170,000	61·0	4,804,000	11·1
Grand Total	98,497,000	100·0	43,271,000	100·0

In Chapter VII. the Commissioners make detailed recommendations for increasing the contributions from Imperial Funds in further aid of Local Rates, which is expressed in money in the following way (page 31):—

We have now to consider what additional charge would be imposed upon the Exchequer by the adoption of these proposals. It is very difficult to estimate this charge with precision, even as regards the existing Grants, because the Local Taxation Returns are not published until one or two years after the close of the financial years to which they relate, while the expenditure of local authorities is increasing annually, and we are proposing considerable modifications in these Grants. It is still more difficult to estimate the financial result of some of the new Grants which we have recommended. So far, however, as we are able to foresee, the following Table shows approximately what is likely to be the total cost of the foregoing Grants:—

Poor Law Relief:—		
Union Offices Grant—		
Provincial	£1,250,000	
Metropolitan	625,000	
Pauper Lunatics and Epileptics—		
Maintenance Grant	1,000,000	
Accommodation Grant	500,000	
Maintenance and education of Poor Law children.	450,000	
Sick and infirm in Infirmaries and Workhouse Wards	470,000	
Teachers in Poor Law Schools, and School Fees of pauper children sent from Workhouses to Public Elementary Schools	29,000	
TOTAL POOR LAW RELIEF GRANTS		4,324,000
Police and Police Stations		2,200,000
Criminal Prosecutions, &c.		188,000
Registrars of Births and Deaths		10,000
Main Roads		1,000,000
Technical Education		850,000
Salaries of Medical Officers of Health and Inspectors of Nuisances		130,000
Public Vaccinators		13,000
Balance of Revenue locally collected available for expenditure of County and County Borough Councils		1,000,000
TOTAL		£9,715,000

The following Table shows the amounts of the Local Taxation Licenses, Death Duty Grant, and Additional Beer and Spirit Duties paid into the

Local Taxation Account in the financial year 1899—1900, excluding the Grant under the Agricultural Rates Act, 1896:—

Local Taxation Licenses	£3,475,734
Death Duty Grant	2,341,283
Beer and Spirit Duties	1,328,001
TOTAL	£7,145,018

The additional Grants to be provided would therefore be the difference between £9,715,000 and £7,145,000, which should, we think, be raised in some two or more of the alternative ways which we have suggested above in Chapter VI.

In considering the above figures, it will be borne in mind that they are based on the facts of 1899—1900, eight years ago, and since that time local burdens have very considerably increased.

CONCLUSIONS.

Your Committee consider:—

(1) That local rates have been very unduly and improperly burdened with heavy and increasing amounts disbursed for and on behalf of national services.

(2) That local rates have enormously increased during the last twenty years, notwithstanding a rise in the rateable values by over 40 per cent.; and therefore if the Grants in aid were sufficient and on a fair basis in 1888 and 1890 (which we do not admit), it is manifestly unfair that the same basis should be used in 1908.

(3) That it be urged upon the Government and the Chancellor of the Exchequer that national services should be maintained by national means and out of national funds, and their attention drawn to the recommendations contained on page 32 of the Final Report of the Royal Commission on Local Taxation.

(4) That there is a great danger, as far as the ratepayer is concerned, in fixed Imperial Grants based on past facts, and in any scheme there should be elasticity to allow for increased expenditure or altered circumstances.

(5) That in view of recent and continuous increase of expenditure thrown upon local rates the Grant under the Agricultural Rates Act, 1896, is now totally inadequate.

(6) That the Local Government Board be requested to—

(a) Call for a return from spending authorities of the total loss through the Agricultural Rates Grant being insufficient from 1896 to the present time;

(b) Arrive at a new basis on the facts of 1907 by the procedure laid down by the Agricultural Rates Order, 1906.

(7) That it be urged upon the Board of Education that the time has arrived (and long since passed) when the Grant should be increased, in order to increase the total Grant to at least about the same proportion of the total expenditure on Education which existed some years ago.

(8) We consider that the Prime Minister should be asked to receive a Deputation on the matters touched on in this Report, and in the event of his consenting the Central and Associated Chambers should invite the support of the County Councils Association, the Farmers' Club, the Central Land Association, and similar bodies, so that a joint Deputation of great weight could attend.

(9) Your Committee recommend that copies of this Report be sent to the Prime Minister, the Chancellor of the Exchequer, and other members of the Cabinet, also to each member of the House of Lords and House of Commons.

LUKE WHITE,
Chairman.

1 & 2, ORCHARD STREET,
WESTMINSTER, S.W.
11th February, 1908.

The Local Taxation Committee consists of the following members:—

*Mr. LUKE WHITE, M.P. (*Chairman*).
*Mr. E. B. BARNARD, M.P.
Major CRAIGIE, C.B.
Mr. T. DAVIES.
*Mr. H. TRUSTRAM EVE.
Mr. R. L. EVERETT, M.P.
Mr. J. SANCROFT HOLMES.
*Mr. G. WOOD HOMER.
*Mr. O. D. JOHNSON.
*Mr. J. KENDRICK.
*Mr. T. LATHAM.
Mr. C. MIDDLETON.
*Mr. W. A. MOUNT.
Sir J. F. L. ROLLESTON.
Rt. Hon. J. ROUND.
*Mr. W. A. SIMMONS.
*Hon. C. H. STRUTT.
Mr. HERBERT TILL.
*Mr. T. WAGHORN.
*Col. R. WILLIAMS, M.P.
*Mr. L. C. WRIGLEY.
*Mr. G. L. COURTHOPE, M.P. (*ex officio*).
*Sir J. DICKSON-POYNDER, Bt., M.P. (*ex officio*).

* Were present when this Report was adopted by the Committee.

END OF
TITLE